

**NTS Charging Methodology Forum (NTSCMF) Minutes**  
**Tuesday 05 July 2022**  
**via Microsoft Teams**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RH)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alsarif Satti	(AS)	Ofgem
Alex Neild	(AN)	Storengy
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Carlos Aquirre	(CA)	Pavilion Energy
Colin Williams	(CWl)	National Grid
Chris Wright	(CWl)	Exxon Mobil
Daniel Hisgett	(DHl)	National Grid
Dave Bayliss	(DB)	National Grid
Daniel Wilkinson	(DW)	EDF Energy
Debra Hawkins	(DHl)	TPA Solutions
Jeff Chandler	(JCh)	SSE
Joshua Bates	(JB)	National Grid
Julie Cox	(JCx)	Energy UK
Kieran McGoldrick	(KM)	National Grid
Laura Johnson	(LJ)	National Grid
Lauren Jauss	(LJa)	RWE
Mark Dryden-Brownlee	(MDB)	Serica
Mark Field	(MF)	Sembcorp
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	Sisman Energy Consulting
Oliver Weston	(OW)	Ofgem
Richard Fairholme	(RF)	Uniper

Copies of all papers are available at: <https://www.gasgovernance.co.uk/ntscmf/050722>

Please note that NTSCMF meetings will be quorate where there are at least six participants attending, of which at least two shall be Shipper Users and one Transporter is in attendance.

## 1. Introduction and Status Review

Rebecca Hailes (RH) welcomed everyone to the meeting.

### 1.1. Approval of Minutes (07 June 2022)

RH noted that Ofgem had sent in an amendment to the minutes, all agreed the changes.

The minutes from the previous meeting were approved.

### 1.2. Approval of Late Papers

RH noted there had been an update to the existing Capacity Reporting presentation which had been published, and so was not strictly classed as a late paper.

### 1.3. Review of Outstanding Actions

**Action 0202:** National Grid (CWi) to provide an update on anticipated charges for non-transmission services for October 2022.

**Update:** CWi advised the webinar on held on Wednesday 29 June 2022 assisted in explaining the forthcoming changes in relation to the non-transmission charging revenues and the prices for October 2022.

<https://www.nationalgrid.com/gas-transmission/charging/transmission-system-charges>

under “NTS Charging Supporting Information”. There are two links, one for the presentation material and another for the recordings.

Direct links: <https://www.nationalgrid.com/gas-transmission/document/140151/download>

(recordings)

Direct links: <https://www.nationalgrid.com/gas-transmission/document/140146/download>

(presentation material)

Julie Cox (JCx) said she had attended the webinar and she had been hoping for a more detailed level of explanation, below the level that covered. She noted it had been useful, as there had been no update since December 2021, but that she was not sure if what was presented, was in actual fact the solution or a scenario. JCx stated that it would have been useful to have more detail regarding error bars and a range of how it could change, in relation to the TAR Code.

CWi stated the webinar had tailored for differing levels of attendees, and that National Grid had tried to provide a comprehensive overview, rather than delving into excessive granularity. CWi advised that some aspects were more business as usual (BAU) and that investigations were still taking place concerning timings. CWi added that these investigations were going far beyond the level of detail required by TAR Code.

JCx said there was potential for a debate regarding what was needed from a business operational perspective and the TAR rules. JCx added that there were still challenges in relation to entry and exit and when and how these should be addressed.

Mark Field (MF) said the webinar was a good starting point, but that more information was needed, and reporting timescales would help to assist with the overall understanding.

A general discussion took place in relation to the SO and TO and entry and exit charges and the misalignment with the SO and TO. CWi advised that this area was presently being revisited, as not all the transmission costs have been recovered from pre and post 2020.

JCx asked if there was a different treatment of non-transmission at entry and exit and CWi confirmed there was. JCx noted that it was important that the different costs were known, in order to ascertain if the costs were larger than anticipated.

CWi agreed to provide an update at the August meeting.

All agreed this action should be closed and a new action raised. **Closed.**

<b>New Action 0701:</b> National Grid (CWi) to provide a more detailed breakdown of the non-Transmission Services revenue.
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**Action 0601:** Ofgem (AS) to provide an update on why Modification 0779/A - Introduction of Entry Capacity Assignments has a 10-month timeline, to include details of how Ofgem schedules dates for a decision.

**Update:** AS provided the following update and explained:

- EDDs are set according to:
  - Resourcing availability. This is also impacted by the number of UNC Modifications that are sent to us for assessment.
  - Importance or legal requirements
  - Complexity of decision and whether an IA is needed
  - Date when the FMR was sent to Ofgem

- EDDs often function as back-stops and Ofgem will always work to get decisions made and published as soon as is practically possible.
- Based on the above factors, Ofgem have determined 23/12/2022 as the EDD for Modification UNC779/A. However, Ofgem endeavour to make a decision on UNC779/A ahead of that date.
- Ofgem are always happy to provide updates on specific Modifications, but they note that NTSCMF is a forum about charging issues. Ofgem understand that there was a wider discussion about EDDs at June Panel. Ofgem think that Panel is more appropriate forum to discuss governance issues which go beyond charging.

A brief general discussion took place regarding the overall timeline of Modification 0779/A - UNC arrangements for the H100 Fife project (100% hydrogen) and why it had a 10-month lead-time. AS stated, that robust investigations were required, prior to a decision, hence the timeline. The action was then closed. **Closed**

**Action: 0602:** Joint Office (EF) to investigate adding Ofgem lengthy decision timelines to both the Governance Workgroup and Panel Agendas.

**Update:** RH confirmed that this action was now closed, as this topic was covered at the June Panel meeting. **Closed.**

**Action 0603:** National Grid (CWi) to investigate if the future changes to the Tariff Code would be a future requirement or a choice for GB.

**Update:** CWi advised that any changes were not automatically transposed into EU Law. RH asked if there were any tariff changes on the horizon and JCx stated that yes both the Storage 100% Discount and No Fees for LNG were. The action was then closed. **Closed.**

#### 1.4. Industry Update from Ofgem

Alsarif Satti (AS) provided an overview of the up-to-date Ofgem Modifications timetable <https://www.ofgem.gov.uk/publications-and-updates/code-ModificationModification-proposals-ofgem-decision-expected-publication-dates-timetable>,

No discussions took place.

#### 1.5. Pre-Modification discussions

No pre-Modification discussion.

## 2. Workgroups

None.

## 3. Issues

### 3.1. Industry Issues Tracker Update

RH provided a walkthrough of the Industry Issues Tracker, and appropriate updates were discussed and noted in the tracker as applicable. The updated issues tracker was published after the meeting.

RH proposed that the Issues Tracker was updated again at the August meeting.

With regards to the CMF002: TAR NC Compliance, it was agreed that RH would publish the Mapping Document on the main NTSCMF website page.

<b>New Action 0702:</b> Joint Office (RH) to publish the Mapping Document on the main NTSCMF webpage.
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The NTSCMF Issues Tracker can be found here: <https://www.gasgovernance.co.uk/ntscmf>

## 4. Forecasted Contracted Capacity (FCC)

#### **4.1. FCC Methodology**

CWi stated there was no update on this topic presently.

#### **4.2. FCC Monitoring**

This item was not discussed.

### **5. Long Term Revenue Forecasts**

CWi advised this was a standard agenda item for the charging centric revenue forecast updates.

Dave Bayliss (DB) then provided an overview of the Capacity and Revenue Monitoring presentation which can be viewed via the link: <https://www.gasgovernance.co.uk/ntscmf/050722>

The key points are detailed below:

The first three slides covered the P12 position for the end of FY22

#### **Entry:**

Capacity booked closely aligned to forecast, 1.6% variance. Revenue variance is greater due to the locational difference in the volume of Existing Contracts held at each Entry Point for the period, and more gas being delivered at entry points with higher levels of EC than forecast, which has resulted in less new capacity being purchased. £36m under-recovery against target.

#### **Exit:**

Capacity booked from October is greater than forecast. This is predominantly down to the DN 1 in 20 Peak demand values which are above those in the FES forecast. This has been addressed in the revised FCC methodology used for October 22 price setting which now uses the DN published LTDS report to forecast the DN bookings. This has resulted in a £15m over-recovery against target for FY22.

#### **Gnon-Tx**

Revenues remained in line with those forecasts across the year. £6m under-recovery for FY22.

The next two slides covered off the same data for the capacity forecasts for the start of FY23, based on the forecasts used for the October 22 charge setting process.

#### **Entry:**

Capacity bookings are slightly higher than forecast. Revenues are £4.6m above forecast to date, driven by the additional capacity booked, especially as this has landed at Entry Points that requires new capacity to be purchased, and less entry capacity being eligible for the short haul discount than forecast.

**Exit:**

Capacity bookings are higher than forecast, predominantly driven by Power Generation being higher than predicted, which in part has been driven by the UK producing electricity to export across the Europe across this period. The revenues have increased above those forecast, partially due to the additional capacity above forecast, but mostly down to the Auction Premiums that are being paid well above the reserve price for the capacity being booked at Bacton Exit IP, which has resulted in higher revenues than forecast for the capacity sold.

**6. St Fergus Timescales**

Daniel Hisgett (DHi) provided an overview of the St Fergus Timescales; the presentation can be viewed via the link: <https://www.gasgovernance.co.uk/ntscmf/050722>

DHi provided a summary of the proposed approach for any potential Modification based on three potential scenarios, these are detailed below:

**1) Modification aligned to Reopener Submission**

*In this timeline all UNC processes would be completed in time for the Modification to be submitted to Ofgem for decision alongside the Final Reopener Submission in June 2025*

*This gives Ofgem the option to assess both the reopener and the method of revenue collection in one holistic process*

*Final Modification Report (FMR) would be completed before the final re opener decision.*

**2) Modification aligned to Gas Year Price setting**

*This timeline shows the shortest path of a standard Modification, timed to produce a decision in time to be considered in the Price Setting process for the following year.*

*The example shows the price setting deadline for GY 2026/27 but could be transposed into any gas year.*

*The FMR is likely to be completed before the final re opener decision.*

**3) Modification produced post reopener decision**

*This likely means a portion of the reopener costs, potentially two years or more, would be socialised before a decision has been reached on targeting*

*FMR would be completed after the final reopener decision.*

DHi drew attention to the proposed timelines and JCx suggested that three Workgroups would not be sufficient from a complexity perspective, although she added she was very aware for the ‘chicken and egg’ scenario. JCx asked if the Modification, once raised would be very specific or if it could apply to other areas. DHi confirmed it would be very specific and would be targeting the costs at the terminal. JCx questioned whether the Licence changes would be linked to the charging changes or if they would be ring fenced off. DHi said at this stage he was not sure, and he would investigate this area further. JCx said that the magnitude of the change really needed to be known and understood, sooner rather than later.

DHi confirmed that he would providing a completed ‘Option Report’ within a comprehensive pack for the meeting in August.

**7. Next Steps**

RH confirmed the next meeting would encompass the St Fergus Compression ‘Option Report’ together with the standard agenda items.

**8. Any Other Business**

8.1. None raised.

**9. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Tuesday 02 August 2022	5pm Monday 25 July 2022	Via Microsoft Teams	St Fergus Compression Standard Workgroup Agenda
10:00 Tuesday 06 September 2022	5pm Monday 29 August 2022	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 04 October 2022	5pm Monday 26 September 2022	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 01 November 2022	5pm Monday 24 October 2022	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 06 December 2022	5pm Monday 28 November 2022	Via Microsoft Teams	Standard Workgroup Agenda

**Action Table (as of 05 July 2022)**

Action Ref	Meeting Date(s)	Minute Ref	Action	Reporting Month	Owner	Status Update
0202	01/02/22	5.2	National Grid (CW) to investigate a process to clarify Transmission and	March 2022- <del>June 2022</del>	National Grid (CW)	Closed

			Non-Transmission from a revenue and costs perspective.	July 2022		
0601	07/06/22	2.4	Ofgem (AS) to provide an update on why Modification 0779/A - Introduction of Entry Capacity Assignments has a 10-month timeline, to include details of how Ofgem schedules dates for a decision.	July 2022	Ofgem (AS)	<b>Closed</b>
0602	07/06/22	2.4	Joint Office (EF) to investigate adding Ofgem lengthy decision timelines to both the Governance Workgroup and Panel Agendas.	July 2022	Joint Office (EF)	<b>Closed</b>
0603	07/06/22	4.1	National Grid (CW <i>i</i> ) to investigate if the future changes to the Tariff Code would be a future requirement or a choice for GB.	July 2022	National Grid (CW <i>i</i> )	<b>Closed</b>
0701	05/07/22	1.0	National Grid (CW <i>i</i> ) to provide a more detailed breakdown of the non-Transmission Services revenue.	August 2022	National Grid (CW <i>i</i> )	<b>Pending</b>
0702	05/07/22	3.1	Joint Office (RH) to publish the Mapping Document on the main NTSCMF webpage.	August 2022	Joint Office (RH)	<b>Pending</b>